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UNCLAS SECTION 01 OF 02 VILNIUS 001315

SIPDIS

SENSITIVE

STATE FOR EUR/NB (MGERMANO), EUR/ERA AND EB

E.O. 12958: N/A

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SUBJECT: LITHUANIAN GOVERNMENT SPLIT ON REACTOR CLOSURE
POSTPONEMENT

SUMMARY

1. (SBU) Prime Minister Algirdas Brazauskas announced on October 21 that the GOL would ask the EU permission to postpone the decommissioning of the first of the two Ignalina Nuclear Power Plant units. Brazauskas said regional energy supply security justified the delay. President Valdas Adamkus, however, spoke strongly against delaying decommissioning, and said that Lithuania must abide by the commitments it made to the EU. The President has called a meeting of the State Defense Council for October 26 to decide whether the GOL goes forward with the request. End Summary.

2. (U) Prime Minister Algirdas Brazauskas announced October 21 that the GOL had decided to ask the European Union to allow it to postpone the decommissioning of the first Ignalina Nuclear Power Plant (INPP) Unit. Under its EU accession agreement, Lithuania agreed to decommission the first unit by December 31, 2004, and the second by the end of 2009.

3. (U) Brazauskas said postponement is necessary to ensure uninterrupted power generation for Lithuanian consumers and the surrounding region. The GOL is especially concerned that the delayed opening of a Kaliningrad reactor, expected to provide backup to Lithuania in the event of blackouts, calls into question Lithuania's energy security this winter. Current projections are that the Kaliningrad unit will be online in November 2005, more than a year behind schedule. A new thermal power station in Riga, Latvia, will eventually provide backup to Lithuania's energy system as well, but will not be on-line before November 2005.

4. (U) Though the Ignalina units are older Chernobyl-designed RBMK reactors, the USDOE has provided \$10 million worth of security upgrades since 1996, and technical assistance from European countries and Japan has improved the safety of the reactor, extending the nuclear power plant's (NPP) operational capability beyond its natural lifetime. The GOL's Nuclear Advisory Committee, which includes Western experts, assured the government last week that a six-month extension for Unit I would not adversely impact the NPP's safety. In his announcement October 21, Brazauskas said the GOL would invite EU experts to meet with their GOL counterparts to consider arguments in favor of postponement.

5. (SBU) President Adamkus spoke sharply against postponement October 21, telling the press that delaying the closing is "out of the question" and would counter Lithuania's international obligations. Presidential Advisor Nijole Zambaite told us that the presidential office has been involved in ongoing discussions on postponement, but the Government's arguments have yet to convince him. Zambaite indicated that Adamkus will hear out the Cabinet's arguments with an open mind at an October 26 State Defense Council meeting, before taking a final stand.

6. (SBU) Resident EU officials sent mixed messages in response to the Prime Minister's announcement. Michael Graham, the Head of the EC Representative Office in Lithuania, took a hard line on national television, saying that Lithuania cannot postpone without first renegotiating its accession treaty commitments with the Commission and other member states. His office later clarified to us that Brazauskas's announcement had taken Graham by surprise, because Lithuania had not raised the subject of potential postponement during the earlier accession negotiations. European Commission Transport and Energy Spokesperson Amador Sanchez Rico, reserving judgment, told the press that the Commission will review and analyze any GOL request to postpone.

Comment

7. (U) The GOL decision comes against backdrop of concerns over the impact of the plant closing on the local economy around Ignalina, and over the past six months a few politicians have called for renegotiation of the reactor

decommissioning. MP and former presidential candidate Kazimiera Prunskiene and former President Paksas' Liberal Democratic Party campaigned on this issue during the recent presidential elections. Prunskiene, who represents the reactor's district, expressed concern that approximately 68 percent of the 3,592-member reactor workforce may face unemployment when both units shut down, since their highly specialized skills are not easily transferable. On the political (and emotional) side, the recent Yukos crisis has also inspired renewed discussion of keeping Ignalina open (or building a new NPP) to reduce Lithuania's energy dependence on Russian oil and natural gas.

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